

**PROCEDURAL JUSTICE IN ACTION:
RESTRUCTURING AT AIR FRANCE
by**

J. L. BARSOUX*
and
J. F. MANZONI**

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* Research Fellow at INSEAD, Boulevard de Constance, 77305 Fontainebleau Cedex, France.

** Assistant Professor of Accounting Control at INSEAD, Boulevard de Constance, 77305 Fontainebleau Cedex, France.

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Procedural Justice in Action: Restructuring at Air France

Jean-Louis Barsoux and Jean-François Manzoni,

Procedural justice is a notion which is gathering increasing attention among management practitioners, notably through the work of Kim and Mauborgne. While we have acquired a clear understanding of its key principles, we still know little about its enactment. We propose that two successive efforts to implement restructuring plans at Air France constitute an exceptional opportunity to explore procedural justice in action. The case of Air France provides strong evidence for the usefulness of procedural justice theory as a framework for understanding the successful management of change.

In October 1993, a proposed restructuring plan at Air France, triggered massive protests, with employees burning tyres on the runways, and ultimately forcing the resignation of CEO, Bernard Attali. In April 1994, the same employees voted overwhelmingly in favour of an even tougher plan, put forward by the new CEO, Christian Blanc. We would argue that the key to understanding these contrasting reactions is the theory of procedural justice.

Procedural justice is based on the idea that the process leading to a decision (the *how*) is as important as the outcome itself (the *what*) for those on the receiving end. Although the distinction makes intuitive sense, compelling examples of it (outside a test setting) are fairly rare. For instance, we can cite the implementation of the Renault plant closure in Vilvoorde (Belgium) as a case of blatant disregard for procedural justice. The employees had no say in the decision, they received no warning, and they were given no right of appeal. A subsequent poll in *Le Monde* confirmed that observers were far more disturbed by the handling of the closure than by the actual decision to close the plant.

The trouble with such incidents is that they are isolated. There is nothing comparable with which to contrast them. We can only speculate on how things might have turned out if handled differently. This is where the case of Air France is exceptional. It provides a direct contrast, over a short space of time, between two sets of painful measures, applied to the same situation, but with radically different approaches and consequences.

Past research on procedural justice has been based on questionnaires and experiments (few of them in field settings) making use of control groups and statistical analysis. These studies have been invaluable in identifying and refining the multiple strands of procedural justice. Collectively, the findings have given us a sound understanding of the *principles* of procedural justice; but they have done little to help practitioners in terms of its *implementation*.

To help establish a better picture of what procedural justice actually looks like in practice - what forms it takes in unstructured situations - calls for an *interpretative* approach. We

would argue that the analysis of a rich case example can add a lot to our understanding of how procedural justice is enacted.

As we see it, this behavioural dimension of procedural justice is crucial. Procedural justice represents something of a cognitive challenge.¹ Yet most managers *are* intuitively aware of it, and can, with prompting - for instance, by asking them to compare their best and worst ever bosses - articulate several elements of it. What managers find really difficult is to reproduce this behaviour in real time, particularly when under pressure. It may be a cognitive challenge for some - but it is a behavioural challenge for all managers!

The circumstances under which Christian Blanc took over at Air France are about as high pressure as one can imagine - with the airline making massive losses, strikers occupying the runways, and European air transport deregulation in full progress. Nevertheless, he took the time to ensure that procedural justice was respected, often resorting to innovative methods.

We would not claim that his was a text book application of the principles of procedural justice. We would argue, however, that his systematic approach to crisis resolution (in diverse settings) which has come to be known as "*La méthode Blanc*", embodies many of the characteristics of procedural justice theory.

Procedural Justice: An Overview

Fairness emerged as a topic of concern in organisations in the 1960s. At the outset, research in organizational justice was shaped by *social exchange theory* (Homans, 1961) and *equity theory* (Adams, 1965). Both theories emphasized the fair distribution of resources in exchange relationships.

In the early 1970s, Thibaut and Walker conducted a series of studies on dispute resolution in the legal context. With responses to inequity proving unpredictable, the researchers endeavoured to refine the justice concept. Their thinking culminated in the distinction between the fairness of the *outcome* and the fairness of the *process* used to reach that outcome. This gave rise to the term *procedural justice* which was contrasted with *distributive justice* (Thibaut and Walker, 1975). Procedural justice referred to the perceived fairness of the policies and procedures used to reach decisions. It focused on the means, while distributive justice focused on the ends.

Further research suggested that the principles of procedural justice were applicable to other social settings, including law enforcement (Tyler & Folger, 1980), educational (Tyler and Caine, 1981), political (Tyler, Rasinski, and McGraw, 1985), interpersonal

¹ In research by Sheppard and Lewicki (1987) respondents were asked to describe fair and unfair events that had occurred in their lives. The findings clearly showed that the distinction between procedural and distributive justice arises naturally in people's cognitions about justice.

(Barrett-Howard and Tyler, 1986) and organisational contexts (see Greenberg, 1987 for a review).

Within the field of management, researchers have explored the relationship between procedural justice and performance appraisals (Taylor *et al.*, 1995; Korsgaard & Roberson, 1995), selection systems (Gilliland, 1994), compensation decisions (Folger and Konovsky, 1989), layoffs (Brockner *et al.*, 1995), employee participation systems (Sheppard, Lewicki & Minton 1992), ultimatum bargaining (Pillutla and Murnighan, 1995), entrepreneur-investor relations (Sapienza and Korsgaard, 1996), strategic decision-making (Kim and Mauborgne, 1995) and team management (Korine, 1995).

Parallel research suggested that the distinction between procedural and distributive justice was not simply a theoretical construct, but a notion that arose naturally in people's cognitions about justice. For example, Greenberg (1986) asked a sample of managers to describe instances of fair or unfair performance evaluations. The responses clearly showed that individuals spontaneously distinguish between issues relating to the decision and those concerning the process used to reach it.

The two key findings of the accumulated research are: first, that fair process can mitigate unfavourable outcomes (Thibaut and Walker, 1975; Greenberg, 1987; Bies and Shapiro, 1988; Lind and Tyler, 1988, McFarlin and Sweeney, 1992; Greenberg, 1994, Taylor *et al.*, 1995); and second, that procedural justice can be more important than distributive justice in explaining variance in judgements of fairness (Folger and Greenberg, 1985; Folger and Martin, 1986; Martin and Nagao, 1989; Folger and Konovsky, 1989).

The Drivers of Procedural Fairness

In their seminal work, Thibaut and Walker (1975) proposed that perceptions of procedural fairness were crucially influenced by participant control. They defined procedural justice as the extent to which those affected by a decision were allowed to provide input into the decision (process control), or have some say, through voting or veto rights, on the decision itself (decision control). These two conditions were contrasted with decision outcomes entirely controlled by a third party (no control). The condition which has attracted the most attention of management researchers is process control, labelled "voice" by Folger (1977), whereby individuals affected by a decision are able to present information relevant to it (Korsgaard and Roberson, 1995).

Precisely what constitutes a fair procedure is constantly being refined and extended, but the broad principles have been confirmed by successive authors (notably Leventhal *et al.* 1980; Greenberg, 1986; Tyler and Bies 1990).

Leventhal, Karuza, and Fry (1980) made the notion of "control" more amenable to research by drawing attention to how decisions could be structured to increase participant involvement. They proposed six procedural rules to enhance perceptions of justice. A fair process should be:

1. *unbiased*: self-interest or bias should be eliminated;
2. *consistent*: standards should be consistently applied across people and over time;
3. *accurate*: decisions should be based on reliable information;
4. *correctable*: it should be possible to challenge or appeal against decisions;
5. *representative*: the concerns of all involved should be reflected;
6. *ethical*: moral and ethical standards should be upheld.

Subsequent research has demonstrated that perceptions of procedural justice are influenced by two additional factors beyond the formal procedures: the interpersonal treatment which people receive from the decision makers (Bies and Moag, 1986), and the adequacy with which the formal decision-making procedures are explained (Bies, Shapiro, and Cummings, 1988). Thus, a fair process should also be:

7. *respectful*: the affected parties should be treated with consideration and dignity;
8. *justified*: explanations of the procedures and outcomes should be *adequately* reasoned and *sincerely* communicated.

These two additional components, relating to the social side of fairness, fall under the heading of *interactional justice* (Bies and Moag, 1986).

Further research has drawn attention to various factors which may influence or mediate the effect of the above principles. For example, research suggests that when decisions do not meet individuals' preferences they are more likely to scrutinise the procedures used to make the decision (Greenberg, 1987; Lind and Tyler, 1988; Leung and Li, 1990). This heightened sensitivity to procedure when outcomes are perceived as unfavourable was supported by the findings of Brockner *et al.* (1995). The authors showed that cognitive framing interacted with procedural fairness to influence survivors' reactions to job layoffs. When procedural fairness was low, the negative decision frame (who to dismiss) provoked stronger negative reactions than the positive frame (who to keep).

Timing has also been identified as a likely contributor to perceptions of fairness. Sapienza and Korsgaard (1996) highlighted the importance of timely feedback in promoting positive relations between investors and entrepreneurs. This confirmed previous findings in another decision context where timely feedback enhanced perceptions of procedural justice regarding pay rise decisions even when these were unfavourable (Folger and Konovsky, 1989). Van den Bos *et al.* (1997) further showed that what people judge to be fair is more strongly affected by information received before the outcome than after it.

Another important finding is that merely giving individuals the chance to provide input does not, in itself, ensure perceptions of procedural fairness. Greenberg and Folger (1983) found that when decision makers fail to respond to input, perceptions of unfairness may

be higher than if input had not been solicited at all - a reaction attributed to a frustration effect.

Decision makers therefore have to *show* consideration of others' input in order for voice to affect perceptions of fairness. Since employee input is not always reflected in the final decisions, this raises the question of how subordinates determine whether their input was adequately considered. Research suggests that this is largely a matter of decision-maker characteristics and behaviour. Tyler (1989) proposed that three characteristics of the decision-maker are particularly strong determinants of perceptions of fairness - standing, neutrality and trust. Giacobbe-Miller (1995) confirmed that perceived neutrality and trust were most predictive of procedural justice judgements.

Shapiro (1993) found that managers' perceptions that their input was considered were related to the communication behaviours of their superiors. "Fair" bosses were characterised by attentive listening, patience, and attempts to understand the managers' viewpoints. For example, bosses who expressed the manager's opinion to upper management or verbally acknowledged the manager's views enhanced managers' confidence that their views would be considered. These findings supported an earlier study by Eisenhardt (1989) who suggested that a CEO's style could give team members confidence that their views would be taken into account and allowed them to feel comfortable leaving the ultimate decision to the CEO.

Moreover, Tyler and Lind (1992) argued that once people have established fairness judgements regarding a decision-maker, perceived fairness serves as a heuristic for interpreting subsequent events. Ruiz-Quintanilla and Blancero (1996) put forward a similar argument. They suggest that perceptions of fairness may accrue and have a "reputation building effect" (Greenberg 1987) with the result that individuals exposed to successive procedurally fair events would be more likely to accept occasional unfavourable outcomes.

The Consequences of Procedural Justice

Procedural justice researchers have argued that fair procedures serve two purposes: one is instrumental, the other relational. Having input into a decision makes people feel that their interests are protected, and that even if they lose a few battles, over time they will receive their fair share of favourable outcomes. This has been dubbed the "informed self-interest" model (Thibaut & Walker, 1975). Fair procedures also carry symbolic value, signalling respect for the dignity of the individual. Having input into a decision makes people feel that the decision-maker respects them and it affirms their status in the group or organisation. This has been dubbed the "group-value model" (Lind & Tyler, 1988).

These models help explain why procedural justice matters. Fairness perceptions affect attitudes and beliefs among employees which can help produce organisationally desirable outcomes and may even have a direct impact on performance. In terms of facilitating organisational processes, studies strongly suggest that procedural justice is positively related to trust in the leader or decision maker (Alexander and Ruderman, 1987; Lind &

Tyler, 1988; Folger and Konovsky, 1989; McFarlin and Sweeney, 1992; Korsgaard, Schweiger, and Sapienza, 1995; Korsgaard and Roberson, 1995). It is also worth noting that feelings of attachment and trust significantly *decreased* over time when leaders showed no specific signs of consideration of input (Korsgaard *et al.*, 1995).

Perceptions of procedural justice have also been linked with group harmony, tentatively at first (Lind & Tyler, 1988) but then with increasing confidence. For example; Moorman (1991) showed the positive impact of process fairness on various organisational citizenship behaviours, while Kim and Mauborgne (1993) demonstrated the link between fairness perceptions and cooperative behaviour.

Research findings also suggest that procedural justice influences perceptions of job satisfaction (Alexander & Ruderman, 1987, Greenberg 1990, Moorman, 1991; Martin and Bennett, 1996). Other researchers have found that perceptions of procedural justice enhanced commitment to the organisation (Folger and Konovsky, 1989; Sweeney and McFarlin, 1993; Martin and Bennett, 1996) and were negatively related with intentions to leave the organisation (Alexander and Ruderman, 1987; Schaubroeck, May, and Brown, 1994; Taylor *et al.*, 1995; Olson-Buchanan, 1996).

An interesting field experiment in the performance appraisal context encapsulates many of the cited findings (Taylor *et al.*, 1995). The researchers showed that, compared to a control group, employees involved in a performance appraisal system emphasising fair procedures displayed more favourable reactions towards the appraisal system and the managers who administered it, as well as a greater intention to remain with the organisation, *even though they received significantly lower performance evaluations than the control group.*

It is worth noting that the consequences highlighted above tend to be different from those associated with distributive justice. Sweeney and McFarlin (1993) found that distributive justice predicts personal-level evaluations (such as pay satisfaction), whereas procedural justice affects organisational-level evaluations. In particular, procedural justice outweighed distributive justice in terms of generating trust in management and organisational commitment (Folger and Konovsky 1989), as well as job satisfaction (Alexander and Ruderman 1987).

More recent work has gone further in trying to establish the direct impact of procedural justice on performance outcomes. For example, Olson-Buchanan (1996) found that employees who had access to a grievance system, allowing them to voice workplace concerns, had significantly higher objective job performance than employees who did not have access.

Stronger evidence comes from the field of strategic decision-making process where Kim and Mauborgne (1996) found that procedural justice between head office and subsidiary unit top managers was associated with better acceptance and execution of decisions. The chance to influence the decision process and the right of appeal inspired subsidiary managers to go "beyond the call of duty" and to engage in innovative actions,

spontaneous cooperation, and creative behaviour on behalf of the organisation when implementing decisions. This confirmed earlier findings by Korsgaard *et al.* (1995) that procedural justice enhanced commitment to a decision.

In a related field, a series of in-depth case studies by Korine (1995) found that the performance of product development teams (assessed by top management) had strong positive associations with the teams' assessment of perceived fairness in decision-making (both by top management and within the teams). From his observations, Korine concluded that procedural justice could help a team overcome unfavourable project management conditions, while an absence of procedural justice could inhibit success even in the most favourable context. Korine also warned that because procedural justice judgements are based on perceptions, trying to codify fair procedures might suggest that this was a mere exercise and might not have the desired effect.

Limitations of the Existing Research

One of the strengths of the organisational justice concept is its relevance to many aspects of organisational functioning. To date, however, the research has focused heavily on highly structured situations such as performance appraisals, dispute resolutions, compensation decisions, selection decisions, and negotiation processes. This bias is understandable in that researchers were keen to test the effects of specific procedures on specific outcomes which lend themselves to statistical treatment in order to establish causality. Notwithstanding Korine's (1995) qualitative research on innovation team management and Kim and Mauborgne's work on strategic decision-making processes (1993, 1996), we know little about the effects of procedural justice on less structured situations, such as the management of change.

Another weakness of the research so far is that it provides little insight into the enactment of procedural justice. For example, Korsgaard *et al.* (1995) bemoan the fact that "little is known about how to get decision makers or leaders to act considerately". Setting aside the work of Shapiro (1993) we have scant knowledge of the actual behaviours which lie behind the principles of fairness. Unless we can describe better what "fair" managers actually do, we have little chance of making procedural justice "a living principle of organisation that every member of the organisation believes in and champions" (Korine, 1995).

Procedural justice researchers have also failed to address a more fundamental question. Given the weight of evidence supporting the influence of procedural justice on individual and organisational well-being, why aren't all managers applying it? Korsgaard *et al.* (1995) have called for researchers to assess the factors which inhibit the application of fair procedures and to consider whether fair procedures are still effective under conditions of high conflict. We propose to explore both of these issues using the Air France case, with a particular emphasis on why managers may find it hard to "be fair".

Greenberg (1990) once remarked that conceptual developments in the field of procedural justice have been *applied to* studying organisations rather than *derived from* studying

organisations. The present study tries to reconcile both perspectives. First, the perspective of procedural justice is proposed as a framework to help us understand what has gone on, thus testing the explanatory power of procedural justice theory; and second, the unusual case of Air France is proposed as a means of developing richer conceptions of organisational justice - on the basis that in-depth case studies are more likely to yield unsuspected insights.

Procedural Justice and Change Management

As mentioned above, the management of change has not to our knowledge been the focus of any study on procedural justice. There are several reasons for thinking that perceptions of procedural justice would facilitate the management of change. A key reason is that change management often involves sacrifice. One of the findings of the procedural justice literature is that people are likely to pay special attention to information relating to process fairness when some level of pain or upset is involved (Shapiro, 1991; Brockner, DeWitt, Grover and Reed, 1990; Schaubroeck *et al.*, 1994).

In terms of reducing resistance to painful change, the procedural justice literature would suggest that negative reactions to change can be mitigated by concomitant explanations (Bies & Shapiro, 1988; Brockner, DeWitt, Grover and Reed, 1990; Lind, Kanfer and Earley, 1990). Of particular pertinence, was the field experiment by Schaubroeck *et al.* (1994) which examined participant reactions to genuine adversity, in the form of a pay freeze. The study showed that when managers explained the fairness of the decision process leading to the freeze and the fairness of the implementation of the freeze, this mitigated the effect of the resultant economic hardship on employee attitudes, turnover intention and perceptions of procedural justice.

In terms of the explanations given, Bies, Shapiro, and Cummings (1988) found that attributing the causes for a provocative action to external forces, reduced workers' negative responses. This would tend to support the finding that cognitive framing influences perceptions of procedural justice (Brockner *et al.*, 1995) which therefore has implications for how leaders present the case for change.

In more general terms, the work of Kim and Mauborgne (1993, 1995, 1996) on the strategic decision making process has obvious parallels with the implementation of change and has shown that procedural fairness tends to result in higher levels of commitment to decisions as well as cooperative behaviour.

Schaubroeck *et al.* (1994) wondered whether procedural justice could have a positive impact even after damage has begun to accumulate. We propose that the Air France case is a good test case, in that damage levels were so high that no one wanted the job.

The Story of Air France: From Attali to Blanc

Air France under Attali

When Bernard Attali was appointed as head of state-owned Air France, in 1988, he became the company's fourth chairman in six years. With many challenges ahead of him, he had no time to pick up the company-wide consultative exercise launched by his predecessor, Jacques Friedmann. The initiative, dubbed "Air France Project", was intended to improve the work processes throughout the airline, and was finally shelved by Friedmann shortly before his departure.

Attali's most pressing problem was the dramatic rise in traffic growth. Hamstrung by the overcautious policies of his predecessors, he was forced to launch a big fleet investment programme, ordering 28 aircraft in 1989 (due for delivery in 1991). Moreover, the impending deregulation of European air transport meant that he needed to build critical mass so that Air France would be big enough to withstand the expected industry shake out. Attali set about negotiating numerous international alliances and domestic acquisitions.

In August 1990, the airline industry was hit by the Iraqi invasion of Kuwait. Very quickly, the sharp rise in the price of aviation fuel and air insurance premiums, together with the drop in passenger traffic driven by the fear of terrorist attacks, provoked a deep crisis in the airline industry. Air France introduced a first set of stringency measures in September and reinforced them in February 1991 with the outbreak of war. Contrary to many of its rivals, however, the airline did not resort to redundancies.

Unable to stem the spiral of losses, Attali called on Arthur Andersen to conduct a review of the organisation. The consultancy's recommendations led to a plan, Cap 93, launched in September 1991. The plan focused on a strong productivity drive, and proposed reducing the ground staff by 3,000 before 1993 (through attrition and voluntary redundancies).

Losses continued to accumulate, so in October 1992, the company launched a new initiative dubbed "Return to Break-Even Plan" - intended to restore the company to break-even by 1994 - these measures supplementing those already taken under the Cap 93 plan. The new measures involved 1,500 additional job cuts among the ground staff, which included the company's first ever forced redundancies.

In July 1993, Attali proposed 3,000 new departures - in order to secure a one-off endowment from the State of Ff5bn - and was told by ministers from the new centre-right government to come back with stiffer measures. They eventually approved a tougher plan concerning 4,000 jobs, with an 'opening bid' of 800 straight redundancies (see Appendix 1 for details). Shortly after this plan was announced, in September 1993, the unions decided to fight.

Very quickly, the conflict degenerated with several hundred strikers bringing chaos to both Paris airports, blocking runways and forcing flights to be cancelled. Attali remained adamant that the plan would be implemented "*sans faiblesse*" (without concession), privately conceding that: "People have to feel that the worst is possible in order to become reasonable."² After five days of intense conflict, the government withdrew the recovery plan and Attali resigned. As the *Financial Times* saw it, the day of reckoning had only been delayed.

Blanc Takes Over

In late October 1993, just two days after Attali's resignation, Christian Blanc was appointed head of a company that many observers now considered "ungovernable". At the time of his appointment, no one knew how to tackle the situation. Attali had initially tried a progressive approach to change and had eventually switched to a more forceful approach, and both had proved ineffective. Moreover, Blanc's options were further limited by recent events. First, the press was speculating that the opposition of the unions would be intensified now that they had 'tasted victory'. Second, the government was making it clear that Blanc would have to stem the massive losses without the threat of either salary reductions or forced layoffs. Third, competitors were moving fast under the impetus of air transport deregulation in Europe. *Le Nouvel Economiste's* headline said it all: "Air France, Mission Impossible".³

Blanc was used to high conflict situations having previously wrestled with striking workers at RATP (the Paris public transport service), and militant separatists in the French colony of New Caledonia.

Early, on the very first morning, Blanc went to Roissy and Orly to meet with the strikers in the freight and the maintenance areas. He reassured them that Attali's plan would be scrapped completely and that there would be no legal reprisals against the strikers. In a statement to employees, Blanc said that he had been given 'carte blanche' by the government to negotiate a new recovery plan for the airline. Nothing would be decided on the plan before discussions with employees.

Blanc personally solicited the help of the two key union representatives - the dominant ground staff union Force Ouvrière, and the main pilots union, SNPL.

Blanc's pledge in both cases was that there would be no straight layoffs, but that the unions would propose which sacrifices they were prepared to make in line with the productivity targets. In the words of one union representative, they would "choose which feathers to lose". These were to prove crucial allies in the subsequent discussions with unions.

² Perri, 1994, 21.

³ *Le Nouvel Economiste*, 29/10/93, 20.

Sensing that he might be vulnerable to the manipulation of insiders with vested interests, Blanc knew he needed to get a broader picture of the airline. To hear from as broad a cross-section of viewpoints as possible, Blanc invited managers to write to him at home to propose changes and analyse the conflict.

Blanc quickly called on a number of outsiders to help him. Besides bringing in several trusted executives - including four ex-RATP managers, an HR manager from Thomson, a former Balladur aide as company secretary, and a state auditor as finance director - to strengthen his reform team, he also solicited a variety of experts to prepare reports. First, he encouraged Gilles Bordes-Pagès, an executive director and former pilot to prepare a report on the management of the group, and particularly the competitiveness of its fleet. Second, he commissioned Cofremca, a specialist consultancy, to undertake a survey of consumer air travel expectations. Third, he hired François Dupuy, a colleague of Professor Michel Crozier, a pioneer in the study of bureaucratic organisations, to assist the 40,000 employees in carrying out their own audit of the problems of the airline.

Air France on the Couch

In December 1993, Dupuy and his small team started interviewing throughout the airline, but with particular emphasis on the most conflict-ridden areas, notably maintenance, freight, and flight personnel. Initially they met with cynicism, partly driven by employees' previous experience with consultants, but Dupuy's team distinguished themselves from their predecessors. They did not talk about productivity. They listened. They tried to understand the reality of the situation. Altogether, they conducted 156 open-ended interviews.

In parallel with this interview process, a questionnaire was sent out to the homes of all 40,000 employees (in December 1993). Drafted by Dupuy (on a British Airways flight), its purpose was to take the pulse of the personnel and assess the concessions they were prepared to make. It included two or three open-ended questions where respondents had more freedom to express themselves. Insiders warned him not to expect more than about 2,000 replies.

Late in the night of January 3 1994, Dupuy presented the preliminary findings of the interviews to the top management. He started by revealing that those they had spoken to, were neither manipulators or extremists; they were simply disoriented and disillusioned, as captured in the following quotes.

"For years now, we have been living without an optimistic message. Top management's policy has been to instil a sense of permanent insecurity, without any real message of hope."

"The more efforts we make, the worse things get. We have never worked as much, and they talk of overmanning. I don't understand where the deficit comes from."⁴

Dupuy explained: "When employees invade the runways, they are doing the same things as workers who break their machines. When people reach that stage, it is because there are desperate and don't know how else to express themselves."⁵

Dupuy findings also showed that the organisation was too hierarchical and centralised structure with little co-ordination between activities. "We found individual links but no chain, a process organised around the product and the technical imperatives, and not towards the client."⁶ An example he cited to demonstrate this lack of co-ordination between the various divisions was the last evening flight from Stockholm. The aircraft would park near the hangar for overnight maintenance, without the slightest consideration for the passengers who required an extra half an hour to reach the terminal. "People were only concerned with their own job. There was no consideration for the final product."⁷

Blanc quickly understood that the existing organisation needed changing in order to make people more accountable and to focus better on the customer. But Dupuy suggested that top management should wait to devise their new plan for fear of undermining the ongoing questionnaire exercise. There were also numerous reflection groups whose proposals should be integrated into the final project.

To accompany the listening exercise, the company created an internal newsletter, *Le journal du débat*. Starting in late December, it came out about every ten days to communicate the emerging findings and to stimulate internal reflection. In its second issue, the newsletter commented on the lack of space in the questionnaires for "further comments" which had prompted several respondents to attach additional pages. This posed an unexpected problem. The 'closed' questions would be subjected to statistical analysis, but there were not enough consultants to categorise the spontaneous comments. The issue was resolved by asking volunteers to perform the analysis. Sixty Air France employees were assigned to this task.

Issue six of the newsletter, in early February, trumpeted the fact that 14,677 questionnaires had been returned, three-quarters of these with additional comments. This represented a 35 percent response rate, considered high for this type of survey, particularly in view of the pessimistic predictions. Among the key findings, 51 percent of respondents considered "acceptable" the idea of reducing salaries; 64 percent were in favour of share participation in exchange for longer hours or reduced salary; and 92 percent considered the organisation too heavy and bureaucratic.

⁴ Both quotes from *Le journal du débat*, no. 4, 20/1/94, pp.2-3.

⁵ *L'Expansion*, 7/11/94, 90.

⁶ *L'Expansion*, 7/11/94, 90.

⁷ *Financial Times*, 16/1/95.

The subsequent examination of the open ended responses (in Issue 7 of the newsletter) brought further nuance to these findings. For example, it became clear that opinions were very divided over the idea of reduced salaries: some thought it should apply primarily to the highest paid; others thought it should apply across the board; and others still would only agree to it against certain guarantees on job cuts. Moreover, it clarified the opposition to this measure, with some considering that there were better alternatives, and others feeling that it was neither fair nor motivating.

Blanc's verdict on the process: "I wanted to listen to you. And you have responded... It was essential for us to diagnose the situation jointly and for us to determine the strategy to pursue. For we can only meet the challenge facing Air France together."⁸

The Pressure Mounts

From the outset, Blanc made no attempt to hide the gravity of the situation. "The state of the company is exceedingly worrying," he told employees. "We can't even cover our current expenses (salaries and fuel) with our current revenues (ticket sales)."⁹ To increase cash flow, the airline was increasingly forced to resort to "sale on lease back" operations, whereby planes were sold off then rehired.¹⁰

In February 1994, the report by Gilles Bordes-Pagès, a pilot and executive director, was released. Described by the press as "explosive", it showed that the group had got it wrong for years, both in terms of fleet and commercial policies. In particular, the extreme diversity of the fleet - the culmination of under investment, merging with UTA, and government intervention on purchasing choices - generated inflexibility and high operating costs. For example, for its six flights per week to Hong Kong, Air France employed four Boeing 744s, one Boeing 742 and one Airbus A340. This required three different pilot crews, some of whom remained blocked for several days in Hong Kong, as well as several maintenance teams. British Airways operated two flights a day to the same destination with a single type of aircraft, the Boeing 744.

The findings of Cofremca went in the same direction, showing that Air France had not kept pace with the changing expectations of customers. Their report established that contemporary air travellers had become more complex and disloyal in choices, with the act of consumption responding to multiple and sometimes contradictory motivations. As the newly appointed head of Human Resources put it: "Customers are asking Air France to change, or else they will change airlines. Air France must attract customer loyalty by offering a distinct and impeccable service... Everything depends on the professionalism of individuals right through the service chain."¹¹ Tristan Benhaïm, who had led the research subsequently joined Air France as marketing director.

⁸ *Le Nouvel Economiste*, 15/4/94, 14.

⁹ *Le Nouvel Economiste*, 5/4/96, 53.

¹⁰ *L'Expansion*, 7/4/94, 42.

¹¹ Michelland-Bidegain, M., "Formation: elle ne peut rien sans volonté de changer," in *Business, Le journal des nouveaux produits*, Document Air France, 16/2/95, no. 2, p. 2.

On March 9 1994, the government approved Blanc's project for the firm, dubbed "Rebuilding Air France". The following day, the entire workforce received draft copies of the fifty page document.

On the opening page, Blanc reminded everyone that "the company's losses, in 1993, account for half the net losses of the world's 212 major carriers."¹² The report then showed how Air France's inability to adapt to a changing context had given rise to several handicaps in relation to the competition - notably a weak debt to capital ratio,¹³ a high cost structure, and ill-adapted sales and pricing policies.

The report went on to propose a number of measures to make up this competitive lag. These fell into three broad categories: reduction of costs and increase in revenues; a new organisation structure and a change in work processes; and participation of the employees in the capital of Air France. The key financial measures involved axing 5,000 jobs (through attrition and voluntary retirements not layoffs), freezing salaries and selling assets such as aircraft and hotels (see Appendix 1 for details). These measures applied only to Air France. Air Inter remained a separate issue.

The report rounded off with: "If we unleash individual initiative, if we learn to recognise individual contributions, thus giving meaning to people's efforts, then the company will regenerate."¹⁴ It talked of the need to go beyond economic measures and to mobilise the "collective intelligence" of employees.

A week later, on March 17 1994, Blanc assembled the company's 2,800 managers in a floral park east of Paris for a day of reflection on the proposals. Letting them know they were all in this together, he pledged: "If the project fails, the top management team will resign. But I am sure I will stay with you until the airline's future is secured."¹⁵

On March 26, Blanc received representatives from all of Air France's fourteen unions¹⁶ for final discussions on the outline agreement presented in the project. Blanc had already made it clear to the unions that the injection of fresh capital from the state (worth Ffr20billion over three years) hinged on their commitment to the redundancy measures. Three days later, the restructuring plan was rejected by eight of the company's fourteen

¹² *Reconstruire Air France*, March 1994, company document, p. 3.

¹³ At the end of 1993, Air France had debts of Ffr40bn against a capital base of Ffr4bn.

¹⁴ *Reconstruire Air France*, March 1994, company document, p. 46.

¹⁵ *Le Nouvel Economiste*, 15/4/94, 14.

¹⁶ The fourteen unions concerned were: le Syndicat national des pilotes de ligne (SNPL), le Syndicat national des officiers mécaniciens de l'aviation civile (SNOMAC), le Syndicat des pilotes de l'aviation civile (SPAC), le Syndicat des mécaniciens au sol de l'aviation civile (SNMSAC), le Syndicat général du personnel Air France (SGPAF), le Syndicat des ingénieurs, techniciens, cadres et agents de maîtrise Air France (SITCAM), la CFTC, l'Union syndicale d'Air France (USAF), le Syndicat des personnel assurant un service Air France (SPASAF), la CGC, Force ouvrière, le Syndicat des cadres-Force ouvrière d'Air France (SCFOAF), le Syndicat national des personnels navigants commerciaux (SNPNC) et le syndicat national unitaire des navigants de l'aviation civile (SUNAC).

maybe highlight how they break down at AF.

unions. Blanc told them that unless they reconsidered their positions he would "go to the people".

Getting to Yes

To gain support for his reform plan, Blanc resorted to a referendum, set for the first week in April. Appealing directly to the airline's 40,000 employees was a big gamble, but it paid off. The 35,600 voters (84 percent turnout) voted overwhelmingly (81 percent) in favour of the plan. Six of the remaining eight dissenting unions, anxious at having been outflanked, subsequently gave their approval to the package, allowing Blanc to proceed with the implementation of his rescue package.

Notwithstanding sporadic strikes, these measures were successfully implemented - including the reorganisation of the airline into 11 profit centres and streamlining the top management structures - and the targets announced at the outset were met: 30 percent productivity improvement, 5,000 jobs shed, wider employee share ownership and return the black in operating profits.

Under Blanc, employees had shown they were prepared to accept far more draconian measures because they have been consulted and their input has been integrated into the decision. As Blanc himself explained: "In truth, the plan which emerged from the 1993 listening exercise was far tougher than anything attempted until then. But the employees had the conviction that we were taking the bull by the horns."¹⁷

Elements of Procedural Justice in Blanc's Key Actions

1. *Choice of Consultancy*: Blanc did not resort to one of the big consultancies, but chose instead a tiny group of sociologists, led by Dupuy, accustomed to a more ethnological approach, characterised by observation and listening. It was clear that Dupuy was focusing on understanding the processes and systemic forces, rather than simply jumping based on benchmark comparisons. This was a sign that the research was "reasoned adequately". Moreover, Dupuy was a researcher, first and foremost, which helped to establish his neutrality and to generate trust - contrary to Arthur Andersen, perceived more as a servant to "masters" which tended to diminish "perceived procedural justice".

As *L'Expansion* (7/11/94, 89) observed, Dupuy's team had "neither fancy brochures nor miracle management software to propose". Not offering pre-packaged solutions, Dupuy and his colleagues, were perceived as more impartial than previous consultants called in by Attali. Indeed the reaction of employees and union representatives alike was revealing: "At last, consultants who don't just talk about productivity."¹⁸ This is a significant point. Research suggests that the perceived neutrality of, and trust in, third parties are most predictive of procedural justice judgements (Giacobbe-Miller, 1995).

¹⁷ *Notes de la Fondation Saint-Simon*, December 1996, 5.

¹⁸ Personal communication with François Dupuy.

2. *Listening Exercise*: Dupuy's team conducted an intensive set of unstructured interviews, slicing through the organisation. They listened attentively and patiently to the specialist concerns of individuals, focusing particularly on areas where the protests had been loudest. The spectrum of people interviewed and the assertion that those they had interviewed were "neither militants nor extremists" were a testimony to their lack of preconceptions.

Several studies focus on the consequences of giving employees the right or opportunity to express their opinions, referred to as *voice* effect (Folger, 1977). Research has suggested that the availability of "voice" allows a sense of process control and hence heightens perceptions of procedural justice (Bies and Shapiro, 1988) - provided that the input solicited is taken into account (Greenberg and Folger, 1983).

3. *Questionnaire*: This enabled the company to elicit comments from the total population, thus amplifying the "voice" effect. The inclusion of open-ended questions at the end were important in terms of perceived fairness and freedom from manipulation. On the other hand, the massive and constructive response to these questions caused an unexpected processing problem. Unless the responses were *seen* to be treated seriously, it could undermine the credibility of the whole exercise. A neat solution was found with 60 Air France volunteers being assigned to the task of aggregating responses for statistical analysis. This enhanced the perception of fairness in two ways: first, it was visible proof that the many different points of view were being taken into account; second, with employees monitoring the questionnaires themselves, it reinforced the impartiality and credibility of the process.

4. *Creation of Newsletter*: A special newsletter was introduced to communicate the emerging findings of the listening exercise. Besides helping to raise the quality of the debate in the organisation, it also demonstrated a concern with providing feedback. The importance of timely feedback is supported by research showing that it is helpful in promoting trust and commitment (Sapienza and Korsgaard, 1996).

5. *Drive for Data*: Blanc's immediately demonstrated his desire to generate sound data by soliciting three key reports: a comparative study on Air France's fleet, a survey of consumer expectations, and the listening exercise. Making these findings public not only served to show an absence of bias, but it helped explain the basis for his subsequent decisions. This desire to obtain an objective picture of the airline, was further confirmed by Blanc's invitation to managers to write to him at home with their analyses of the conflict and ideas. Blanc did not want to be at the mercy of the vested interests of one the functional "barons" - he needed to cross-check the separate analyses of employees, outside experts and union representatives.

6. *Conception of the Plan*: There are suggestions that Blanc already had a good idea of what he wanted to do - namely break up the functional bureaucracies into profit centres - shortly after Dupuy presented his preliminary findings. Nevertheless, Blanc refrained from drafting the plan (at least officially) until the questionnaire findings and the

proposals of the reflection groups could be integrated. This is an important point in that his failure to delay would have made a sham of the other exercises. In so delaying, Blanc also demonstrated his willingness to "take the heat" for the employees, as everyone was aware that he was under considerable pressure from the government to move into action.

Blanc's plan was not just *made available* to employees, it was actually distributed to all 40,000, showing respect for individuals and providing feedback. The report itself presented an uncompromising diagnosis of Air France's problems as well as clarifying the contributory factors (that is, explaining the basis for the decision). It went on to outline Blanc's proposals for rebuilding the airline. Besides the fact that this is a hopeful message - in contrast to breaking-even, recovery or restructuring - it also demonstrates procedural justice. As Blanc later put it: "Collective action has to have a meaning. People need to know where they are heading."¹⁹ Research on procedural justice has repeatedly shown the importance of explanation in making painful change more acceptable (Bies & Shapiro, 1988; Brockner, DeWitt, Grover and Reed, 1990; Lind, Kanfer and Earley, 1990; Schaubroeck *et al.*, 1994).

7. *Referendum*: This was perhaps Blanc's most innovative and high risk initiative, given his pledge to resign unless he received the clear backing of the employees. We have already mentioned that perceptions of procedural fairness are crucially affected by the degree of control given to individuals (Thibaut and Walker, 1975): no control, mere process control (or voice), and decision control. The referendum represented the ultimate threshold in procedural justice: beyond the opportunity to present their points of view, employees were given the right to vote on the decision outcome itself.

8. *Top Management Reshuffle*: Blanc quickly removed or demoted a number of senior managers he considered likely to block changes. This may sound fairly banal, but in a highly politicised "administration" such manoeuvres were unprecedented. He also proposed changes to the organisation which would help break up the functional bureaucracies of warring "barons". From a procedural justice point of view, this showed that sacrifices would also involve senior managers (equal rules across categories) and that Blanc would not be held hostage to factional interests. As one journalist put it: "He positions himself as a free agent."²⁰

9. *Style*: Besides the very visible actions mentioned above, Blanc reflected fairness in his everyday behaviour. It was significant, for instance, that his first contact with the strikers was on "their turf". He did not "summon" them to his office, but treated them with consideration, like reasonable people who had the interests of the airline at heart, not "suicidal extremists" as they were often caricatured internally. As Blanc later put it: "I know there are examples of mass suicides. But these are very rare. I have faith in the

¹⁹ *Le Débat*, June 1995, 131.

²⁰ *Le Nouvel Economiste* (15/4/94) "Air France: La Méthode Blanc en Marche", Mitrofanoff, K., 14-16.

survival instinct, in the sense of responsibility and the fighting spirit of the group's employees."²¹

He was acutely aware of the need to avoid stereotyping: "The airline sometimes promotes a fantasised image of the employees: the runway workers (*les "manuts"*) the maintenance mechanics (*les "mécanos"*) are vandals; hostesses and pilots are allergic to change, and so on."²² Blanc's actions signalled to employees, "I believe you are mature adults". His lack of preconceptions at the outset was critical. It has been argued that once people have established fairness judgements, perceived fairness serves as a heuristic for interpreting subsequent events (Van den Bos et al., 1997). In other words, leaders who establish their neutrality and consideration early, can expect to receive the benefit of the doubt in cases of ambiguous judgements (Ruiz-Quintanilla and Blancero, 1996).

Blanc's fairness also manifested itself in the fact that he systematically gave notice of his intentions. One of Blanc's golden rules was to say what he would do, and to do what he had said. This worked both ways. When he said there would be no forced redundancies, no outsourcing or loss of salary, he meant it. On the other hand, when he said he wanted to shed 5,000 jobs and improve productivity by 30 percent, he meant that too - but everything else was discussible. As Blanc himself explained: "We have remained steadfast on the objectives. But in terms of reaching those objectives we have accepted a great deal of flexibility."²³

The announcement of intentions up front is considered an important aspect of procedural justice in that people have a chance to react. Research shows that what people judge to be fair is more strongly affected by information that is received first than by subsequently received information (Van den Bos et al., 1997).

Attali's Key Lapses on Procedural Justice

Arguably, and with the benefit of hindsight, Attali missed three key opportunities to exploit the effects of organisational justice to increase commitment or to impose tough measures.

Firstly, there was the innovative listening exercise launched by his predecessor, Jacques Friedmann. One can, of course, understand Attali's desire to put his own stamp on the airline, but the failure to act on the recommendations generated considerable frustration. The personnel had held high hopes for the project and the lack of follow through merely confirmed the lack of continuity between successive leaders. Attali himself conceded: "For the organisation, the experience was akin to a phantom pregnancy."²⁴ Procedural justice research shows that if the expectation of influence is created but never realised, which amounts to letting employees "vent", they may be more resentful than if their input

²¹ *Géopolitique*, 1995, 84.

²² *Le Débat*, June 1995, 130.

²³ *Notes de la Fondation Saint-Simon*, December 1996, 5.

²⁴ Attali, 1994, 33.

had not been solicited at all (Greenberg and Folger, 1983). The authors attributed this increased dissatisfaction to a frustration effect.

Such frustration can cause lasting damage. For example, Korsgaard *et al.* (1995) showed that feelings of attachment and trust significantly *decreased* over time when leaders showed no specific signs of consideration of input. Furthermore, the failure to act on the findings of the listening exercise engendered lasting cynicism toward subsequent consultation exercises: one of the first reactions Dupuy's team heard went something like "I don't know why you're wasting our time - we said all this seven years ago."

Secondly, one can criticise Attali for his failure to take decisive action when the external circumstances made it possible. The advent of the Gulf crisis could have been used by Air France, as other carriers did, to make necessary redundancies. As one ex-director of Air France put it: "In truth, the CEO missed the boat at the time of the Gulf War. The employees were ready for the big shock treatment and the airline had enough resources to make provisions for 10,000 voluntary redundancies."²⁵ While this may appear to contravene fairness expectations, research suggests that explanations attributing the causes for a provocative action to external forces reduced workers' negative responses (Bies et al., 1988). Instead, when the airline did eventually have to shed jobs, it looked to employees like the result of poor management - which was far less excusable.

Thirdly, and this is a more substantial criticism one can level at Attali, his style was not characterised by openness or consultation. His preference was for bilateral negotiations and "discrete concessions".²⁶ Under circumstances of distributive pain, these procedures came under more scrutiny and raised suspicions of unfair treatment. The fact that Attali cultivated good relations with the pilots, regularly dining with groups of them, made sense in that they were the only "irreplaceable" category of personnel. On the other hand, it did not help him to understand the everyday difficulties faced by other categories of personnel who were making considerable productivity improvements, yet seeing overall results worsen.²⁷

The ground staff felt particularly hard done by in the successive stringency plans, while the flight personnel had been mostly spared in terms of redundancies. This was compounded by lack of hard data to justify the restructuring measures. It was not clear that Attali was applying decision criteria in a consistent manner; and eventually it was the ground staff who brought about his downfall.

Comparing Attali and Blanc

²⁵ *Le Nouvel Economiste*, 30/4/93, 18.

²⁶ *L'Expansion*, 3/10/91, 129.

²⁷ For example, the productivity gains in the freight area had turned Air France into the most efficient baggage handling airline in the world, unloading a Boeing 747 with the least personnel - a useless gain unless the rest of the chain follows suit.

It is important to underline that the preceding comparison of Attali and Blanc is not intended to reflect on the integrity of the two leaders. Both were clearly trying to do their best for the company. But there were certain contextual and experience factors which predisposed Blanc towards a "procedural justice" approach; and conversely for Attali.

First, Blanc was coming in with a clean slate. Blanc had no history of tension with any of the groups of employees. Moreover, it is probably easier to be fair as a newcomer: one can be detached and patient, safe in the knowledge that one's previous judgements and communication have not contributed to the breakdown.

Second, as a left-wing reformist, Blanc also had the advantage of being appointed by a right-wing government. There were no question marks over his impartiality. Attali was named by a previous government, whereas Blanc was named by a new government thus giving him new legitimacy.

Third, Blanc's background and experience not only gave him credibility; they also gave different skills: to do with conflict resolution, negotiation and restructuring.

Fourth, Blanc can be said to have benefited from the destabilising chaos of the strikes. These had confirmed the desperation of employees and had crystallised the need for change - the employees were ready for a saviour!

In contrast, Attali, the twin brother of president Mitterrand's personal advisor, had been burdened with the label of "political appointee" from the outset. He was also hampered by his "history" at Air France:

- Having started out with a strong growth message - acquisitions, recruitment, huge fleet investments - he had then been caught very flat-footed by the Gulf crisis and recession. There are clearly difficulties in attempting to change a situation one has helped to create. None of this enhanced his credibility.
- Attali's decision to play down the troubles of Air France, so as not to tarnish its external image, did nothing to help explain the need for change.
- Having been in the job for five years, Attali's willingness to listen may have been dwindling, particularly given the increasing urgency of the situation. For his part, Blanc had no alternative other than to listen, coming in to a situation (and an industry) he knew very little about.

A final point is that Attali was perhaps a victim of his own training. First, as an *énarque*, and one of France's administrative elite, Attali would not have had a great deal of exposure to restructuring or implementing tough reforms. Second, it can be argued that French "technocrats" have a better apprenticeship in strategy formulation than implementation. Their initial training and professional itinerary does not tend to develop their implementation skills - in terms of empathy, listening, getting close to people, and maintaining their interest and commitment (Barsoux and Lawrence, 1997). Third, one of

the behavioural correlates of smartness, can be a lack of patience and a relative inability to understand why others cannot understand (Argyris, 1991). In short, leaders selected primarily for their brains, may not have the best listening skills.

In contrast, Blanc's unique and diverse background in conflict resolution - with striking workers at the RATP public transport service and militant separatists in New Caledonia - had clearly enabled him to develop his listening skills. More particularly, Blanc did not make the same "Cartesian" distinction between strategy formulation and implementation. He saw the two activities as less sequential and more intertwined. He tried to pull implementation forward into the strategic management process, proposing what he dubbed "a negotiated restructuring".²⁸ At the same time, he condemned the opposite approach which he caricatured as "the ingenious plan which emerges from the fertile minds of the senior management and is surgically implanted by shock troops."²⁹

Discussion

The study of the Air France case, adds to our understanding of procedural justice in a number of ways.

Knowing vs Doing

At one stage, in an account of his time at Air France, Attali has the courage to concede: "I was not able to explain that the measures proposed were fair, that the efforts were equitably spread."³⁰ This clearly shows that Attali was conscious of the need to be fair, but somehow failed to enact it or communicate it convincingly. This supports our earlier point about procedural justice representing a behavioural rather than a cognitive challenge. It also supports the assertion by Schaubroeck *et al.* (1994) that: "For a variety of reasons the actual fairness of change procedures frequently is not communicated clearly to workers."

Notions of fairness are part of most managers' theories, at least at an espoused level. The trouble is that when under pressure, they often switch to a different set of theories, notably when trying to manage change.

When implementing change, managers often start out with good intentions, trying to get people involved, demonstrating the benefits of the change, and so on. But if, after a while progress seems slow, they typically start to become coercive and procedural justice goes out of the window. This is a familiar pattern which we have witnessed repeatedly in our change simulation exercise (Anghern and Manzoni, 1996).

²⁸ *Le Monde*, 26/1/95, 17.

²⁹ *Le Débat*, June 1995, 129.

³⁰ Attali, 1994, 216.

What we are arguing is that procedural fairness does not "come naturally" in a context where time pressures and executive authority favour a more expedient approach. In order to be procedurally just, managers actually have to break out of this mindset.

We can therefore differentiate three types of managers who fail to act in a way that is perceived as fair:

1. Those who think that fairness has no place in business and therefore make no effort. We can characterise this approach as: "Fairness is irrelevant! I'm in here to make money. I hire people to do a job. If they don't do it, I fire them. That's the nature of business." These individuals simply have a cognitive blindspot about the importance of fairness - and are failing to make the connection between unfair behaviour upstream and negative outcomes (perhaps a long way) downstream.
2. Those who think that fairness has a place in business, but are convinced that the way they are acting *is* fair. These individuals either have not grasped all three principles properly or else are not sure how to enact them. Attali would probably fall into this category. The problem here may be that they are unable to put themselves "in the shoes of others". People generally have little trouble detecting unfairness from others. What is fair or unfair tends to become quite clear when one imagines oneself "on the receiving end".
3. Those who believe that fairness has its place, but are unwilling to pay the price on this occasion. This approach can be characterised as: "Under different circumstances I would explain it to you, but now I don't have the time or patience. Just do it." This approach is sometimes understandable, but there may be hidden costs (in terms of lost trust and commitment), even if managers seem to "get away with it" on the spot. It poses a real problem when it becomes the rule rather than the exception.

There is no Recipe

The Air France case clearly shows us the variety of forms that procedural justice can take in an unstructured situation - as opposed to more structured situations like performance appraisals or selection decisions. There is clearly a lot of scope for innovation and spontaneity in the practice of procedural justice.

In terms of enacting procedural justice, the case raises key implementation issues. First, the enactment of procedural justice appears to be dependent on the context. For example, Blanc's actions, coming into a crisis situation, would not have been appropriate for Attali, who had spent five years in the job.

Second, procedural justice may become harder to sustain over time. Given the overwhelming vote of confidence, there was a danger that Blanc might start to become less attentive to employee preoccupations, reasoning that: "You voted for me... now what is your problem?" The outbreak of sporadic strikes towards the end of 1994 suggested that this might indeed be happening. In fact, Blanc himself later commented that while he

wanted to explain things clearly, "... I'm not going to spend ten years explaining the same things."³¹

A third issue, closely related to the previous one is that of patience. One could argue that Blanc, in his more recent attempts to tackle the integration of the affiliate company, Air Inter, has not shown the same listening skills as he displayed at the outset. The implication is that leaders who realise their patience is wearing thin, or who recognise their incapacity to dialogue with a key constituent, may need to consider stepping down and making way for someone with a fresh outlook.

The various contingencies concerning the fit between leader and context militate against the possibility of a blueprint for procedural justice. Thus, the obsession among French journalists with "Blanc's Method" may be somewhat misleading. Two articles in the business press have actually tried to distill Blanc's approach into a series of steps. Blanc himself asserts that there is no standard approach to deadlocked situations: "Companies which are blocked certainly have some traits in common, but always in different combinations, and with their own unique history. So there is no recipe."³² This comment would seem to support Korine's (1995) warning that attempts to codify fair procedures might backfire in that they might be perceived as a mere exercise, and rejected as insincere.

Procedural Justice and Change Management

We would argue that notions of procedural justice are particularly relevant to change management because change management often involves pain. In the case of Air France, for example, the listening exercise played a significant role as described by Blanc: "You need to listen to the employees first. Their analysis of the dysfunctions of the firm... is much more pertinent than that of consultants. They provide an honest, accurate, and profound picture of the disorders of the firm. And at the same time, they express their demands."³³

Beyond that, the initiatives engaged by Blanc provide qualitative support for the *group-value model* (Lind and Tyler, 1988). This model suggests that procedural justice has intrinsic value, independent of outcomes, as a sign to employees that they are valued and respected members of the organisation - simply put, why should employees care about a company that doesn't care about them? Under Attali, Dupuy notes: "Of course, the employees were listened to by top management, but they were not heard, in other words, understood."³⁴

³¹ *Les Echos*, 25/1/96, 50.

³² *Le Débat*, June 1995, 130-131.

³³ *Le Débat*, June 1995, 130.

³⁴ *Entreprise & Carrières*, 6/9/94, 16.

The outcome of the referendum would also appear to support the notion that respect for procedural justice leads to employee commitment to the decision, attachment to the group, and trust in its leader (Korsgaard et al., 1995).

All this seems particularly relevant for the management of change. Change initiatives do not tend to be particularly welcome, especially at the start, since they often involve sacrifice. When people experience pain - through layoffs, relocations, pay freezes or cuts - they tend to become highly sensitive to the procedures for reaching those decisions. Researchers have asserted that when a decision does not meet individuals' preferences, they are more apt to carefully assess the procedures used to make the decision (Leung and Li, 1990).

Schaubroeck *et al.* (1994) once asked, "Can erosion of employee goodwill be repaired?" The evidence from the Air France case, is that it can. What is less clear is whether this could have been done without a change of leader.

Limitations of the Study and Future Directions

The case seems to provide empirical support for the capacity of fair process to attenuate unfavourable outcomes, and the capacity of people to distinguish between procedural and distributive justice. Yet, these contributions should be considered in the light of certain limitations.

The first concerns the change of leaders. In an ideal scenario, the turnaround in employee attitudes would have been achieved simply by implementing a fairer approach, under the same leadership. As mentioned earlier, Blanc had a number of advantages over his predecessor - in terms of freshness, skills, and credibility - which made it easier for him to enact a procedurally fair approach. Even if Attali had embraced similar methods, it is not clear that he would have succeeded in changing a situation he contributed to creating.

Blanc's qualities actually constitute the second major limitation of the study. However compelling the evidence, Blanc's success is causally ambiguous. There were other forces besides procedural justice at work. For example, Blanc displayed many of the attributes of charismatic leadership: behaving with high self-confidence, showing high expectations of followers, taking high personal risk (often impulsively), and proposing unconventional strategies. Blanc was also very astute politically. He immediately sought the support of the two most influential unions (on the ground and in the air). He skilfully manipulated symbolic actions to show to employees that "he was in it for them": notably forbidding first class travel for the members of the executive team and publicising his own modest salary (255th in the Air France pay league). Moreover, he showed a keen sense of change management rhythms, building up heavy dissatisfaction with the *status quo* before proposing a solution.

A third limitation of the study is that the distributive outcome is not held constant across time. While the measures proposed by Blanc were arguably more severe than those proposed by Attali, Blanc had also secured the biggest government hand-out ever to an airline company (Ffr20bn). It is impossible to ascertain to what extent the subsidy swayed employees.

The study provides some clues regarding why procedural justice does not always 'come naturally' to managers. This remains the great unasked question of within the procedural justice literature. In our view, the future research should try to elucidate this mystery. Three avenues of research seem particularly worthy of investigation:

- What are the theories-in-use which facilitate the enactment of procedural justice? Conversely, why don't people do it naturally when they believe in it (at least at an espoused level) and when they are intuitively aware of its effects (at least on themselves)?
- To what extent does loss of patience interfere with the capacity of leaders to act in a procedurally just way over time? Evidence of this difficulty was evident in Blanc's subsequent attempts to integrate the domestic firm Air Inter.

- To what extent is the enactment of procedural justice is dependent on the context?

Conclusion

The case of Air France gives a better idea than the research to date of how procedural justice plays out in reality - in terms of implementation, sequencing and timing - as well as providing strong support for its performance consequences.

The case is exceptional in demonstrating that an approach, bearing many of the hallmarks of procedural justice, can help to repair employee goodwill in a matter of months. Our study also shows that procedural justice theory can help us understand successful change initiatives and provide guidelines to improve change management practices. Blanc's approach of "negotiated restructuring" has been heralded as a potential blueprint for implementing reform in France's public sector companies.

Appendix 1: Attali's Plan vs Blanc's Plan

Attali's Plan ("Back to Break-Even Plan" - Phase 2)

In exchange for a one-off State endowment of Ffr5bn, Attali's Ffr5.1bn cost-cutting package involved:

- Making 4,000 jobs cuts (3,000 ground staff and 1,000 navigation staff) over two years. 1,000 of these jobs would be "externalised" with the outsourcing of certain activities (such as bus transport, telecommunications) and there would be a minimum of involuntary redundancies (the 800 straight layoffs announced at the outset being a negotiating ploy);
- Maintaining the wage freeze (established two years earlier under Cap 93 Plan) for two years;
- Suspending 15 of the airline's 203 destinations;
- Selling off part of the group's 57% stake in the Meridien hotels chain;
- Disposing of its Saresco duty-free shops;
- Bringing in other shareholders into its Servair catering subsidiary.

Blanc's Plan ("Rebuilding Air France")

The French state's recapitalisation to the tune of Ffr20bn was in three slices - the second and third slices to be paid out only on condition that the intermediary targets were met.

The Economic Measures

- Fleet reduction from 166 to 149 planes by 1999;
- Purchases reduced by Ffr2 billion (-16%) in three years;
- Workforce reduced by 5,000 in three years;
- Freeze on salaries for 1994, 1995, 1996;
- Promotions blocked for 1994;
- Thirty per cent improvement in productivity over three years;
- Disposal of non-core subsidiaries and assets such as the Meridien hotels.

The Changes

- Reorganisation of the airline into 11 profit centres: five by geographical zone (such as Europe, Americas, Asia-Pacific) and six by activity (freight, maintenance and the Paris airport services);
- Constitution of a holding company incorporating both Air France and Air Inter;
- Part of the company's capital to be sold off to the employees in exchange for a reduction in salaries;
- Simplification of the product: merger of first and business classes on long haul, and possibility of converting two-class cabin into single-class (depending on times and destinations) on medium haul.

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